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IPO

INTELLECTUAL
PROPERTY
OWNERS
ASSOCIATION

May 9, 2001

Hon. Nicholas P. Godici
Acting Under Secretary of Commerce for
Intellectual Property and Acting Director
U.S. Patent and Trademark Office
Box 4
Washington, DC 20231

Attn: Mr. Jon P. Santamauro

Dear Acting Director Godici:

Intellectual Property Owners Association (IPO) is writing in response to the *Federal Register* notice of March 19, 2001, 66 Fed. Reg. 15409, entitled "Request for Comments on the International Effort to Harmonize the Substantive Requirements of Patent Laws."

IPO is a trade association that represents owners of patents, trademarks, copyrights, and trade secrets. IPO members file about 30 percent of the patent applications that are filed in the U.S. Patent and Trademark Office by U.S. nationals. Our members also file many thousands of patent applications globally each year under a patchwork of foreign laws that is enormously burdensome and expensive because of the complex and different rules for obtaining and enforcing patent rights. Moreover, as manufacturers, our members must try to assess the scope of patent rights granted to competitors throughout the world. Patent rights frequently are of uncertain validity or scope, making it difficult to decide whether to invest in new products and causing unnecessary litigation.

We therefore very strongly support efforts to harmonize the substantive requirements of the world's patent laws in a way that will reduce the expense for U.S. invention owners to obtain patent rights globally and will provide more certainty about rights. We believe harmonization should be approached from the direction of choosing the "best practices" for harmonized international patent laws. Harmonization should not be merely the trading of provisions of law among countries so that each can retain an equal share of the provisions now in its law.

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IPO positions are set forth below on each of the 17 numbered issues described in the *Federal Register* notice. These positions were determined by the 50-member IPO Board of Directors on May 4, 2001, with a quorum of the board participating. In addition, two resolutions passed by the Board on April 18, 2001, with a quorum present, are set forth at the end of this letter, under the heading "Other Comments." These resolutions recommend broad goals and actions for achieving maximum international cooperation on patent matters. The members of our Board are listed on the stationery on which the letter is written.

The views expressed here represent the current thinking of IPO on provisions that should be in a harmonization treaty. We are continuing to study substantive patent law harmonization and may publish a more detailed paper at a later date.

(1) First-to-File and First-to-Invent Systems

"As to priority of invention, the United States currently adheres to a first-to-invent system. The remainder of the world uses a first-to-file rule in determining the right to a patent. Please comment as to which standard is the "best practice" for a harmonized, global patent system. It is noted that while the current draft of the treaty does not address this issue explicitly, it is likely that it will be raised in future meetings."

IPO Position: IPO believes a first-inventor-to-file system that protects inventors against derivation of their inventions by others but avoids the complexity and uncertainty of patent interferences is the best practice.

(2) Subject Matter Eligible for Patenting

"As to what inventions may be considered patentable subject matter, the United States currently provides a test of whether the invention is within one of the statutory categories of 35 U.S.C. §101 and within the "useful arts" as expressed in the United States Constitution. The "useful arts" test requires that the claimed invention have a practical application providing a "useful, concrete and tangible result," see *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998). In contrast, the patent laws of some countries require that the invention provide a "technical contribution" in order to be eligible to be patented. The "technical contribution" requirement is generally considered to be more restrictive in determining what inventions may be patented."

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IPO Position: IPO favors eligibility for subject matter that produces a "useful, concrete, and tangible result," which in effect means essentially retaining the standard set forth in section 101 of title 35, United States Code. IPO does not favor any requirement for subject matter to have a "technical effect" or make a "technical contribution," which could be unnecessarily limiting for inventions in new areas.

(3) Requirement to Disclose the Best Mode of Carrying Out Invention

"United States law currently provides for an enablement requirement, a written description requirement and a best mode requirement for patent disclosures. As to enablement, the standard of "undue experimentation" is applied. Regarding written description, United States law requires that the description convey to one of ordinary skill in the art that the applicant had possession of the invention as of the filing date of the application. The best mode requirement under United States law contains both subjective and objective components, with a subjective inquiry related to concealment on the part of the applicant. Standards vary among different patent systems as to disclosure requirements. For example, most other developed countries do not include a best mode requirement, yet many developing countries include or support a best mode requirement that is portrayed by some as a mechanism to compel technology and know-how transfer. The standard for evaluating compliance with such a requirement is an objective one; but, it is objective from the perspective of the examining authority."

IPO Position: IPO supports a harmonization treaty that would require the U.S. to remove the best mode requirement from its law and prohibit adoption of this or a similar requirement in foreign patent laws. The best mode requirement is not necessary to insure that inventions are effectively disclosed to the public. The requirement as it has evolved in U.S. law, which requires the inventor to disclose the best mode of carrying out the invention that was contemplated by the inventor, has caused expensive litigation and has subjected inventors to time consuming and expensive discovery.

(4) Identification of Technical Fields to Which Claimed Invention Relates

"As to the contents of the claims, some patent systems require the identification of "technical fields" to which the claimed invention relates. This apparently limits, to some degree, the categories of invention to which claims may be directed. There is no such requirement under current United States law."

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IPO Position: IPO favors a harmonization treaty that does not require the identification of technical fields to which a claimed invention relates. New advances in technology do not necessarily fall within traditional notions of technical fields, and the notion of what is "technical" and what is not is incapable of precise definition. A requirement to identify technical fields could be used to deny patents for useful, novel, and non-obvious subject matter.

(5) Multiple Inventions in a Single Patent Application

“With regard to the issue of multiple inventions contained in a single patent application, most of the world uses a “unity of invention” standard, which is also contained in the Patent Cooperation Treaty (PCT). For national applications, the United States currently uses a restriction practice based on independence and patentable distinctness between claimed inventions.”

IPO Position: IPO favors the “unity of invention” standard used in the Patent Cooperation Treaty, which has proved to be a workable standard abroad and is already used by the U.S. for PCT applications. The provision in 35 U.S.C. 121 that prohibits invalidation of a patent later found to contain more than one invention should be retained.

(6) Utility or Industrial Applicability Requirement

“United States law currently provides a utility requirement for patentability in 35 USC §101. Utility of an invention must be specific, substantial and credible. Most other patent systems have a requirement for industrial applicability. Industrial applicability is generally considered to be a narrower standard than utility, as it requires that the invention be usable in any type of industry.”

IPO Position: IPO favors a harmonization treaty that requires utility instead of the narrower and problematic industrial applicability standard. The current U.S. standard of a specific, substantial and credible utility is a more readily applied standard. New advances in technology -- especially “information age” technology -- may not always fit within traditional notions of industrial applicability.

(7) Global Priority Date as the Prior Art Date

“Current discussions in the SCP have indicated a willingness to implement a global priority date as to the prior art effective date of patent applications that are published

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or granted as patents. United States law now limits the prior art effective date of United States patents and United States patent applications to their effective filing date in the United States. See *In re Hilmer*, 359 F.2d 859 (CCPA 1966) and 35 USC §102(e). Further, United States law currently limits the prior art date as to foreign patent publications to their publication date, although international application publications are available as of their filing date, if published in English. See 35 USC §102(e)."

IPO Position: IPO favors a harmonization treaty that would reject the In re Hilmer restriction and give all patents and published patent applications prior art dates as of their global priority dates, in the interest of a uniform definition of prior art in a first-to-file system.

(8) Patent Applications as Prior Art for Both Novelty and Nonobviousness

"United States practice allows patent applications to be considered prior art as to situations of both novelty and obviousness, provided the application is earlier filed and is published or granted as required by 35 USC §102(e). Some other patent systems apply this type of prior art only with respect to novelty, due to concerns of the effect of what may be considered "secret" prior art. Such a novelty-only system, however, may also allow for the granting of multiple patents directed to obvious variations of inventions."

IPO Position: IPO favors providing that the global priority date may be used for purposes of both novelty and nonobviousness, to avoid granting patents on minor variations of inventions, and also supports an appropriate solution to the problem of an applicant's own unpublished disclosure being used against the applicant.

(9) Grace Period

"United States patent law provides a "grace period." Disclosures by the inventor during the "grace period" do not have a patent defeating effect. Some other systems have an "absolute novelty" requirement such that any disclosures, including those made by an inventor himself, made prior to the date the application is filed, are considered prior art."

IPO Position: IPO supports retention of the U.S. one-year grace period for pre-filing disclosures made by or on behalf of the applicant (a "personal grace period"), in order to protect the applicant from accidental or unauthorized disclosures, but

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does not support retention of the grace period for other disclosures in a first-to-file system.

(10) Geographical Restrictions on Prior Art

"Recent discussions at the SCP have indicated a willingness on the part of many member states to eliminate any geographical restrictions that limit the definition of prior art. Currently, United States prior art requirements limit certain types of disclosures to acts within particular geographical limitations, such as the territory of the United States."

IPO Position: IPO favors a harmonization treaty that has no geographical restrictions on the definition of prior art. Prior art should include any disclosure anywhere in the world that is reasonably accessible to the public. Anything known or retrieved from the Internet in one country, for example, can generally be known or retrieved by anyone in the world.

(11) Loss of Rights Provisions in U.S. Patent Law

"United States law provides for loss of right provisions, as contained in 35 USC §§102(c) and 102(d), that discourage delays in filing in the United States. Further, 35 USC §§102(b) bars the grant of a patent when the invention was "in public use or on sale" more than one year prior to filing in the United States. Secret commercial use by the inventor is covered by the bar in order to prevent the preservation of patent rights when there has been successful commercial exploitation of an invention by its inventor beyond one year before filing. Most other patent systems do not have such provisions".

IPO Position: IPO favors elimination, in a first to file system, of the loss of rights provisions in U.S. patent code sections 102(b) (in public use or on sale), section 102(c) (abandonment), and section 102(d) (premature foreign filing). An invention "in public use or on sale" would, however, continue to represent "prior art" if reasonably accessible to the public anywhere in the world (see position 10, above). IPO also favors a prior user right in any harmonization treaty to provide a defense against patent infringement for early commercial users of patented technology.

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(12) Basing Novelty Rejections on a Single Reference

"Current United States novelty practice allows, in limited circumstances, the use of multiple references for the anticipation of a claim under 35 USC §102. These circumstances include incorporation by reference, the explanation of the meaning of a term used in the primary reference or a showing that a characteristic not disclosed in the primary reference is inherent. Some other systems have stricter requirements for the use of additional references as to the determination of novelty."

IPO Position: IPO favors limiting novelty rejections under 35 USC §102 to a single prior art reference. Evidence extrinsic to the primary prior art reference should be used only for interpreting the disclosure of the primary reference, e.g., by supplementing the explicit disclosure with the common knowledge of the skilled artisan. In this regard, the U.S. law on "novelty" should be preserved in its entirety.

(13) Obviousness or Problem-Solution Approach

"United States practice in determining obviousness under 35 USC §103 follows the practice set forth in *Graham v. John Deere*, 383 US 1 (1966), and its progeny. Obviousness determinations vary throughout different patent systems. For example, some provide for a problem-solving approach, requiring the identification of a technical problem to be solved by the invention. There is no such requirement under United States law."

IPO Position: IPO supports a patent law harmonization treaty requiring an obviousness determination of the type required by 35 USC §103 and Graham v. John Deere Co. and its progeny. The problem-solution approach is too inflexible and does not encompass all of the Graham factors.

Note: A recent opinion of the U.S. Court of Appeals for the Federal Circuit summed up the factual inquiries that must be made in an obviousness determination as follows: "In order to determine obviousness as a legal matter, four factual inquiries must be made concerning: 1) the scope and content of the prior art; 2) the level of ordinary skill in the art; 3) the differences between the claimed invention and the prior art; 4) secondary considerations of non-obviousness, which in case law is often said to include commercial success, long-felt but unresolved need, failure of others, copying, and unexpected results. . . . the relevant inquiry for determining the scope and content of the prior art is whether there is a reason, suggestions, or motivation in the prior art or elsewhere that would have led one of ordinary skill in

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the art to combine the references. Richard Ruiz v. A.B. Chance Co. (Fed. Cir. 99-1557, -1563, decided Dec. 6, 2000.)"

(14) Multiple Dependent Claims

"Current United States practice limits the filing of multiple dependent claims in 37 CFR § 1.75(c) such that these claims must refer to the claims from which they depend only in the alternative. Further, a multiple dependent claim cannot depend from another multiple dependent claim. Some other patent offices allow for multiple dependent claims without these restrictions."

IPO Position: IPO favors a procedure for a harmonization treaty that would allow for the simple and inexpensive drafting of claims, including multiple dependent claims that depend from other multiple dependent claims, as long as it is clear that any multiple dependent claim will construed to include all limitations of the claims from which it depends.

(15) Claim Interpretation Issues

"There has also been discussion within the SCP regarding the manner in which claims should be interpreted as to validity. It is not clear at this time whether both pre-grant and post-grant interpretation issues will be addressed. However, we are interested in comments with regard to any claim interpretation issues at this time as these issues may appear in future SCP meetings. For example, the United States generally subscribes to a peripheral claiming approach to interpretation in which the language of the claims dominates, although United States law provides that when an element in a claim is expressed as a means or step for performing a function, the claim will be construed to cover the corresponding structure, material or acts described in the specification and equivalents thereof, see 35 USC §112, paragraph 6. Other systems take a different, centrally focused view of the claimed invention that allows, in certain circumstances, for broader interpretation of the scope of the claimed invention."

IPO Position: IPO supports adopting U.S. law on claim construction (i.e., peripheral claiming) as the harmonized standard, subject to our response to issue 16 below regarding the doctrine of equivalents. Moreover, IPO supports providing applicants optimal flexibility in setting forth the claims, e.g., by inclusion and equal recognition of all existing types of patent claiming. In this regard, IPO endorses including either one-part claims or two-part claims.

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(16) Doctrine of Equivalents

“With further regard to claim interpretation, the United States currently applies the “doctrine of equivalents” when appropriate in interpreting claims in post-grant infringement cases. The “doctrine of equivalents” has continued to evolve in the United States, especially in view of the recently decided case of *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. 2000).

Furthermore, the European Patent Convention (EPC) was recently amended to provide a more explicit basis for “doctrine of equivalents” determinations in the text of newly added Article 2 of the Protocol on the Interpretation of Article 69 EPC. This doctrine has also been recognized in litigation in Japan. However, some systems do not provide for such equivalents.”

IPO Position: IPO favors a patent law harmonization treaty with an approach that allows for a doctrine of equivalents providing a fair balance between the rights of patent owners and third parties, taking into account factors such as prosecution history.

(17) Direct Filing by Assignees

“United States practice now requires that a patent be applied for in the name or names of the inventor or inventors. However, some systems allow for direct filing by assignees. Although the draft treaty text is currently silent on this issue, it may be raised at future meetings.”

IPO Position: IPO favors a system in which the patent application is filed by the real party in interest. The requirement for the patent application to name inventors should be retained. Absent an assignment of rights, the inventor should remain the real party in interest.

Other Comments

On April 18, 2001., the IPO Board of Directors passed the resolutions below. Resolution 1 suggests long term goals for harmonization. Resolution 2 suggests specific areas for concentration.

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Resolution 1:

Intellectual Property Owners Association supports international patent law harmonization efforts where the long-term goals are:

- (1) to achieve dramatic Improvements in quality of patent examination and sustained reductions in the costs of acquiring multinational patent protection for inventors and industry by (a) fully harmonizing substantive laws regarding patents and patent applications, (b) adopting common procedural practices and requirements regarding patent applications; (c) eliminating unnecessary translation requirements; and (d) reducing or eliminating patent office fees whenever they are in excess of the costs of operating the office;*
- (2) to eliminate work by national patent offices that, with respect to harmonized substantive laws regarding patentability, represents redundant searching and examining of the same application;*
- (3) to reduce the overall times of pendency of multinational patent applications, which times are now increasing alarmingly in the major patent offices of the world, including the United States PTO;*
- (4) to develop cooperative practices and tools relating to standards for examination and examination procedures to assure uniformity in the scope of the patents granted by patent offices implementing harmonized laws on substantive patentability.*
- (5) to provide consistency and certainty in patent enforcement, including in principles of claim interpretation, and to assure prompt resolution of patent controversies by enforcement authorities.*

Resolution 2:

In support of international patent law harmonization efforts, Intellectual Property Owners Association specifically supports:

- (1) the expansion of cooperative relationships among the major patent offices, including the establishment of joint projects of search and examination by major offices, and, to the extent permitted by harmonization of the laws of substantive patentability, the establishment of systems of full-faith and credit of one office's searches and examinations by the other cooperating offices;*

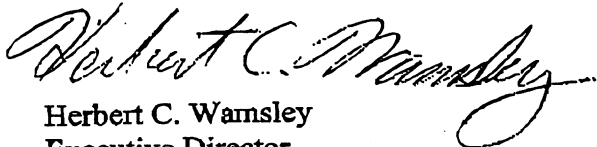
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- (2) *accelerated establishment of comprehensive and universally accepted databases of information that qualifies as prior art and access to and use of such databases by the public and all examining patent offices;*
- (3) *the substantive harmonization of the patent laws of the major patent systems, including specifically, the efforts of the Standing Committee on Patents of WIPO;*
and
- (4) *the further harmonization and unification of regional patent systems, to the extent such efforts are consistent with the efforts of objectives (1) through (3), such as those of the European Commission to establish a single patent that would have effect throughout the European Union.*

* * *

We hope you find this information helpful.

Sincerely,


Herbert C. Wamsley
Executive Director